

CHAPTER-1 | Introduction to Macroeconomics

QUIZ
PART-02

1. What is the primary difference between microeconomics and macroeconomics in terms of scope?

A. Micro studies aggregates; macro studies individuals
B. Micro studies individual units; macro studies aggregates
C. Micro uses aggregate demand; macro uses individual demand
D. Micro is about government policies; macro is about prices only (B)

Explanation: Microeconomics focuses on individual units like households or firms, while macroeconomics examines the economy as a whole.

2. Which are the main analytical tools of microeconomics and macroeconomics respectively?

A. Costs and Profits; Investment and Savings
B. Demand & Supply; Aggregate Demand & Aggregate Supply
C. Price and Output; Employment and Income
D. Utility; Monetary Policy (B)

Explanation: Microeconomics relies on demand and supply, whereas macroeconomics uses aggregate demand and aggregate supply.

3. Which other name is given to microeconomics and macroeconomics respectively?

A. Price Theory; Income and Employment Theory
B. Income Theory; Welfare Theory
C. Labour Theory; Utility Theory
D. Distribution Theory; Development Theory (A)

Explanation: Microeconomics is also called Price Theory, while macroeconomics is known as Income and Employment Theory.

4. Which of the following is not a feature of a capitalist economy?

A. Profit maximization by firms
B. Prices determined by free market forces
C. Government directly controlling production decisions
D. Private ownership of resources (C)

Explanation: In capitalism, resources are privately controlled and prices are market-determined; government intervention is minimal.

5. Which countries are examples of capitalist economies?

A. India, China
B. USA, UK, Japan, Singapore, Germany
C. Cuba, North Korea
D. Nepal, Bhutan (B)

Explanation: Developed countries like USA, UK, Japan, Singapore, and Germany follow capitalist models.

6. Which sector in macroeconomics represents consumers and suppliers of factors of production?

A. Business Sector
B. Household Sector
C. Government Sector
D. External Sector (B)

Explanation: The household sector includes consumers of goods/services and suppliers of factors like labour, land, and capital.

7. Which sector undertakes public welfare activities like infrastructure, health, and education?

A. Household Sector
B. Business Sector
C. Government Sector
D. External Sector (C)

Explanation: The government sector produces goods/services, imposes taxes, and provides welfare services like education and healthcare.

8. Which sector includes imports, exports, and capital flow between countries?

A. Household Sector
B. Producer Sector
C. Government Sector
D. External Sector (D)

Explanation: The external sector deals with trade and financial relations between the domestic economy and the rest of the world.

9. What was the main economic consequence of the Great Depression of 1929?

A. Higher employment and growth
B. Sharp fall in output and employment
C. Stable prices and output
D. Balanced trade (B)

Explanation: The Great Depression led to a drastic fall in output and employment across Europe, North America, and beyond.

10. Which of the following best describes the labour market during the Great Depression?

A. High demand for labour, low supply
B. High supply of labour, but very low demand
C. Balanced labour demand and supply
D. Government guaranteed jobs for all (B)

Explanation: Factories were idle, demand for goods fell, and unemployment rose, leaving many willing workers without jobs.